SURFACE USE PLAN OF OPERATIONS

EK 29 BS2 FEDERAL COM #2H

Surface Location: 210' FNL - 1450' FEL
Section 29, T18S, R34E N.M.P.M
Lea County, New Mexico

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Summary
This Surface Use Plan of Operations is designed to provide the information required under Bureau of Land Management (BLM) Onshore Oil and Gas Order No. 1. Please refer also to the attached supporting documents:

Supporting Documents:

Attachment A – Access Route Map
Attachment B – Location of Existing Wells
Attachment C – Survey Plat of Well Location
Attachment D – Well Pad Layout during drilling phase
Attachment E – Interim Reclamation
Attachment F – Operator Certification

1. Existing and Proposed Roads with Directions to Location:
    a. Attachment A is a reproduction of a general highway map showing existing roads. Attachment C is a reproduction of a USGS topographic map showing the existing roads and proposed roads. All existing roads will be maintained in equal or better than current conditions. All new roads will be constructed to BLM specifications.
    b. Attachment D shows the proposed well site as staked.
    c. Directions to Location:

2. Planned Access Roads:
    a. Approximately 302.9' of new road will be constructed. The access roads will be crowned and ditched to a 14' wide travel surface, within a 30' Right-Of-Way.
    b. Gradient of all roads will be less than 5%.
    c. Turn-outs will be constructed where necessary.
    d. As required, all new access roads will be surfaced with a minimum of 4-6" of caliche. This material will be obtained from a local source.
    e. The center line of roads will be flagged and road construction will be done as

Roads will be constructed to use low water crossings for drainage as topographic features required to keep erosion to a minimum.

3. Existing Wells within a One Mile Radius of the Location:
    a. Water Wells:
    b. Disposal Wells
    c. Drilling Wells:
    d. Producing Wells:
    e. Abandoned Wells:

4. Production Facilities:
    If on completion this well is a success, the operator will complete it as a producer. The operator will construct production facilities and tank battery on location. If power lines will be required to produce this well they may be constructed along existing right-of-ways as shown on Attachment C.

5. Location and type of Water Supply:
    Water will be purchased locally from a commercial source and transported by truck or piped to location by flexible flow lines laid on top of the ground.

6. Source of Construction Material:
    If possible, construction material will be obtained from the leveling of the drill site. If additional material will be required, it will be obtained from a local source and transported over access roads shown on Attachment C.

7. Methods of Handling Waste Material:
    a. This well will be drilled using a closed loop mud system. The cuttings will be collected in containers located on location and disposed of in a state approved disposal site. Drilling fluids will likewise will be contained in tanks and disposed of in state approved disposal facilities.
    b. All trash, junk and other waste material will be contained in trash cages or trash bins to prevent scattering. When job is complete, all contents will be taken from location and disposed of in a state approved disposal site.
    c. Salts and other mud material remaining after completion of the well will be collected by the supplier and be removed from the location.
    d. Waste water from living quarters will be directed into an onsite sewage treatment unit and when well is completed removed and disposed of in a state approved disposal site. Portable toilets will be on location for location construction, drilling, completion and production facilities construction. These portable toilets will be properly maintained and when all operations are complete they will be removed and disposed of in a state approved disposal site by the supplier.
    e. Any fluids produced during the completion phase will be separated. The oil will be sold and the water will be disposed of in an approved disposal site.

8. Ancillary Facilities:
    No camps, airstrips or staging areas will be constructed on location

9. Well Site Layout:

Attachment D shows the generic well site for a well drilled using a closed loop mud system.

10. Plans for restoration of surface:

Rehabilitaion of the surface will start after the well has been completed. If the well is completed as a producer, production facilities will be constructed on the location. Any area of the location that is not required for the operation of this project will be reclaimed and returned as near as possible to the original grade and vegetation.

If, in the case, this well is unsuccessful and is a dry hole the drilling pad and the access road will be reclaimed according to specifications provided by the Bureau of Land Management. Caliche or other road material will be removed for the possible use in another location or deposited in an approved reclamation site.

Drill cuttings and mud used to drill this well will be removed and disposed of at an approved disposal site. All trash and any other debris will be collected and disposed of as detailed above.

11. Additional Information

The surface of the area is used for livestock grazing and the production of oil and gas. The dip is low gentle dip to the Southwest. Soil consists of sand dunes and sandy soils. The vegetation consists of typical desert scrub mainly sand shinnery oak, sand sage, mesquite and native grasses. The area is bisected by various lease roads for the use in producing oil and gas.

This proposed location had an On-Site inspection performed on 11/3/15 with Trishia Bad Bear.